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D 14 Me Agricultural Adjustment Administration

Memorandum on Imports of Dairy Products into the United States

Imports of butter were lower in 1934 than in any year from 1918 to 1932. In 1935 imports increased during the months butter supplies in this country were low because food supplies had been cut by the 1934 drought. But, when butter supplies increased, imports rapidly declined. Imports were 78 percent less during the first six months of 1936 than during the same period in 1935.

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Imports Aug 1936  
U. S. Department of Agriculture

No reduction in tariff rates for butter has been made under any trade agreement. In 1936 foreign butter makers still paid 14 cents for each pound of butter they shipped into the United States.

American butter producers received an average wholesale price of 36.33 cents per pound for 92-score butter at the Boston market for the month of August 1936, as compared with 20.77 cents per pound for August 1932.

The average wholesale price for 1932 at the Boston market was 21.59; for 1933, 22.48; and for 1934, 26.59. The lowest monthly average wholesale price since 1919 paid at this market was for the month of June 1932 when producers were paid only 17.64 cents per pound.

The average wholesale price for 92-score butter at the Chicago market for August 1936 was 34.91 cents per pound. For August 1935 it was 24.38 cents per pound. The average wholesale price at Chicago for 92-score butter for 1934 was 24.77 cents per pound; for 1933, 20.79 cents per pound; and for 1932, 20.07 cents per pound. The lowest monthly average wholesale price since 1919 paid for 92-score butter at the Chicago market was for the month of June 1932 when butter producers received only 16.29 cents per pound. For March 1933 the monthly average price was 17.63 cents per pound.

Average annual creamery butter production in this country for the period 1923 to 1927 was 1,381,616,000 pounds. Despite shortage of feed due to drought in 1934, production was 1,632,380,000 pounds for the whole year of 1935, which is 250,764,000 pounds more than the 1923-27 average production. Moreover, during the first six months of 1936 there were 3,411,000 pounds more butter manufactured than in the same period of 1935.

Minnesota creameries produced 5,571,209 pounds more butter during the period in 1936 from January through August, than during the same period in 1935. Production of butter in Minnesota during the first eight months of 1936 was 201,146,900 as compared with 195,575,691 pounds during January through August 1935.

The average domestic farm price of butterfat for 1935 was 57 percent above the average price for 1932. Farmers' cash income from the sale of dairy products in the first eight months of 1936 was \$954,000,000 as compared to \$655,000,000 in the first eight months of 1933, an increase of \$299,000,000 or 46 percent.

Butter imports into this country during the first six months of 1935 were 21,500,000 pounds and totaled 22,675,000 pounds for the whole year. During the first six months of 1936 imports amounted to 4,680,000 pounds.

The 1935 butter imports represent 1.1 percent of the 1928-32 average annual butter production in the United States.

The amount of butter imports began increasing in 1934 to supplement the lowered domestic stocks. Moreover, prices on world markets were unusually low at this time and the higher prices in this country attracted butter imports. In July of 1934 imports of butter were 74,000 pounds, and in April 1935, the month of greatest amount of imports, they reached 8,860,000 pounds. After this month the quantity of imports dropped sharply, and in

October 1935 were only 108,000 pounds.

The primary purpose of the trade agreements program is to promote the exports of the United States and thus to further economic recovery in this country. Studies made in the Department of Agriculture indicate that changes in farm income from dairy products are closely associated with changes in income of industrial workers. Unemployed or low paid workers cannot buy the dairy products they need. When urban purchasing power increases, the income of dairy producers increases. Industrial workers receiving higher wages buy more milk and butter.

The value of our exports to Canada of all commodities increased \$26,707,000 in the first seven months of 1936 as compared with the same period in 1935. Exports in the period January to July 1936 amounted to \$204,906,000 while exports to Canada in the same months in 1935 were \$178,199,000.

The value of our exports to Canada of agricultural commodities, on which duties were reduced under the agreement, during the first seven months of 1936 was \$1,711,000 more than the value of agricultural imports from Canada on which we reduced tariff rates.

Under trade agreements with such countries as Haiti, Honduras, Nicaragua, Brazil, and Colombia, we secured concessions in duties of dairy products exported from the United States.

Haiti reduced its duty on common cheese by 40 percent and on butter by 50 percent. The duty on condensed and powdered milk was reduced about 50 percent. Nicaragua reduced the tariff on condensed milk and dried skimmed milk by 42 percent, on evaporated milk 75 percent, and on dried whole milk 16-2/3 percent. Honduras agreed to reduce its duty on condensed milk and dried skimmed milk by approximately one-third, on evaporated milk by 50 percent, and on butter 68 percent. Colombia reduced its duty on condensed

and powdered milk by 33 percent, and Brazil reduced its duty on milk powder by 35 percent.

This country exported 45 percent more butter during the first six months of 1936 than during the same period in 1935. Our exports of dried whole milk and dried skimmed milk increased 51 percent or by 633,052 pounds during the first half of 1936 as compared with the first six months of 1935.

Under the Canadian trade agreement, the United States made two concessions on dairy products. The United States duty on cream was reduced from 56.1 cents per gallon to 35 cents per gallon, which is 15 cents per gallon more than specified in the 1922 tariff act. Although cheddar cheese receives preferential duty treatment in the British market, the United States duty on cheddar cheese was reduced from 7 cents per pound with a minimum of 35 percent ad valorem, to 5 cents per pound with a minimum of 25 percent ad valorem. This tariff rate on cheese imports is the same as that applied in the Act of 1922.

The duties on whole milk and on butter have not been reduced. The only other reductions in duties on dairy products in trade agreements have been in connection with Swiss, Roquefort, blue mold, Edam and Gouda cheeses. These cheeses, exported by Switzerland, France, and the Netherlands, sell at relatively higher prices than domestic cheese, and have been in demand by only a small group of consumers. Duties on these cheeses, with the exception of Swiss, were reduced to the 1922 tariff rate. Since there is some Swiss cheese manufactured in this country, the duties on Swiss or Emmenthaler type and on Gruyere process cheese are still at the rate applied by the Tariff Act of 1930.

During the first month the Canadian agreement was in operation, January 1936, the imports of cream into this country from Canada amounted to only 10 gallons. Moreover, this was during a period of seasonally high prices in the United States.

A herd of 60 cows can produce as much cream in a year as has been imported from Canada during the first six months of 1936. During the first six months of 1936 there were imported from Canada 6,055 gallons of cream. The Joy Brothers Farms of North St. Paul actually produced over 6,000 gallons of cream in 1935 with 60 cows.

According to the report on milk and cream of the tariff commission in 1929, it was estimated that 13 percent of the cream imported into the United States is used for buttermaking. If 13 percent of the cream imported from Canada during the first six months of this year were made into butter, it would amount to 3,719 pounds. This represents one percent of the annual production of the Mapleton, Minnesota, Cooperative Creamery, which manufactured 410,172 pounds of butter in 1935, according to the Mapleton Enterprise.

The butter which it is estimated would be made from the cream imported from Canada during the first six months of 1936 represents only .0004 of one percent of the creamery production in the United States from January to June of this year. Creamery production during the first six months of 1936 has been estimated at 829,202,000 pounds.

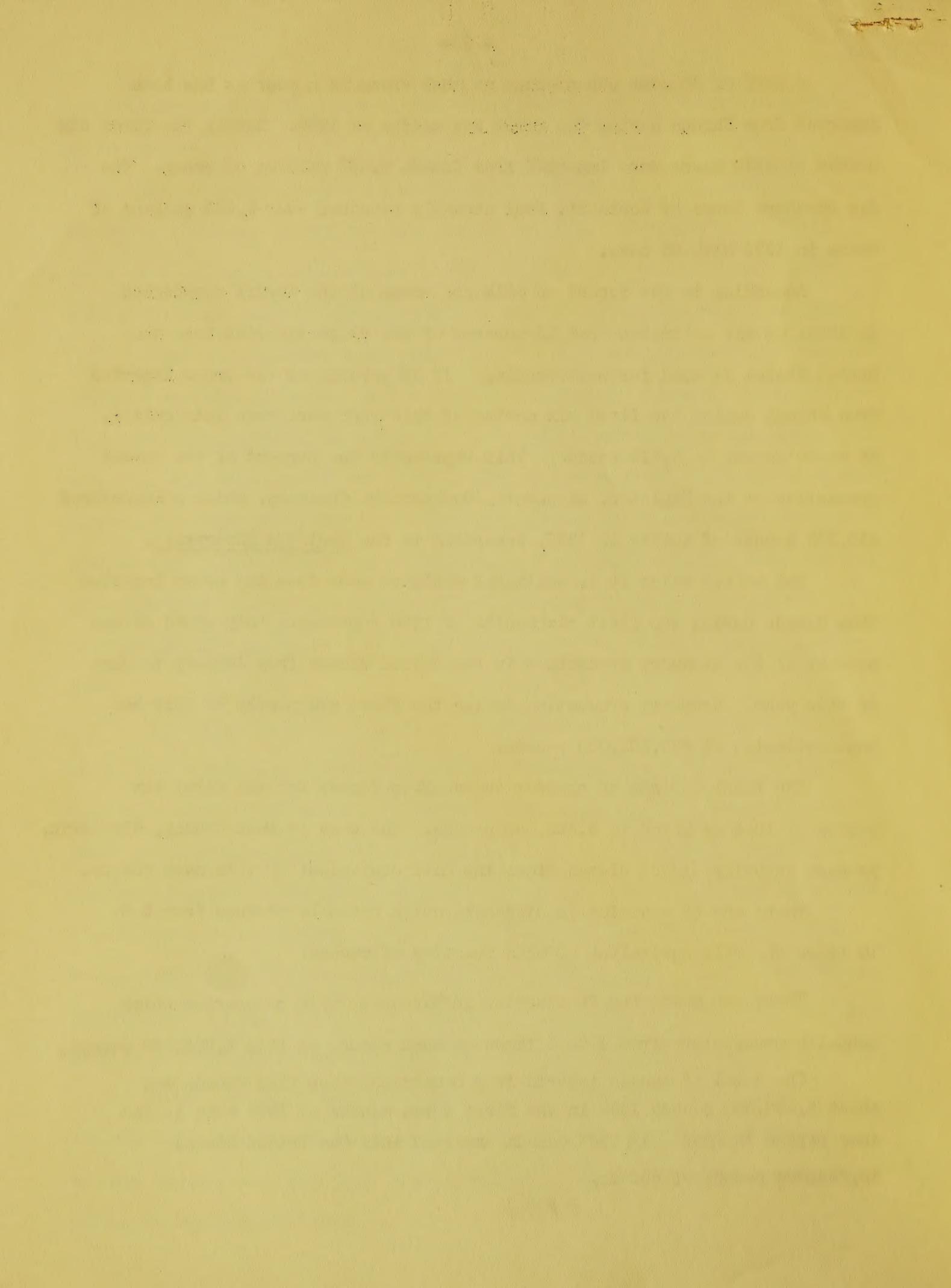
The total imports of cheddar cheese from Canada for the first six months of 1936 amounted to 3,825,785 pounds. The cows in Dane County, Wisconsin, produce annually almost eleven times the milk equivalent of this much cheese.

There are 22 counties in Wisconsin which annually produce from 5 to 10 times the milk equivalent of this quantity of cheese.

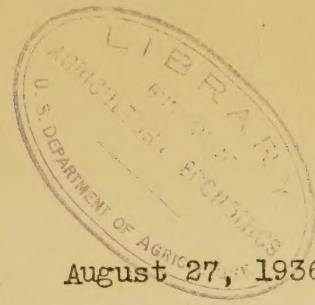
There are more than 20 counties in Wisconsin with creameries which annually manufacture from 1 to 8 times as much cheese as this 3,825,785 pounds.

The total of cheese imports from countries other than Canada was about 2,230,000 pounds less in the first seven months of 1936 than in the same period in 1935. In 1937 Canada exported into the United States 13,268,000 pounds of cheese.

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Room 2714, South Building  
Department of Agriculture  
Washington, D. C.



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August 27, 1936

TO THE MILK PRODUCER

Dear Sir:

There is enclosed a copy of a marketing agreement regulating the handling of milk in the District of Columbia marketing area, which was tentatively approved by the Secretary of Agriculture, a ballot, and a self-addressed envelope.

The Secretary held a hearing in Washington, D. C. on July 20-25, 1936 on a proposed marketing agreement and order for the District of Columbia marketing area, and, upon the basis of the testimony introduced at this hearing, the enclosed document was prepared.

The Agricultural Adjustment Act provides that the Secretary of Agriculture may issue an order regulating the handling of milk in the District of Columbia marketing area in the same manner as provided in the enclosed marketing agreement. However, such an order will not be issued unless:

Such issuance is approved by at least two-thirds of the producers producing milk for sale in the District of Columbia marketing area, during the month of July, 1936, or by producers delivering at least two-thirds of the volume of milk sold within the District of Columbia marketing area during that period.

Producers who desire further information about the marketing agreement may consult a representative of the Dairy Section, who will be at the County Agents' offices in the following towns at the stated times for the purpose of answering questions concerning the provisions of the marketing agreement:

Culpeper, Virginia	-	9:00 to 12:00 a.m., August 31
Leesburg, Virginia	-	3:00 to 5:00 p.m., August 31
Frederick, Maryland	-	9:00 to 12:00 a.m., August 31

It is requested that you answer all questions on the ballot and that you sign and mail the ballot on or before September 1, 1936, using the enclosed envelope, which requires no postage.

Signing this ballot places no obligation whatsoever upon you.

Very truly yours,

W. J. Griffith, Jr.

Senior Agricultural Economist  
U. S. Department of Agriculture

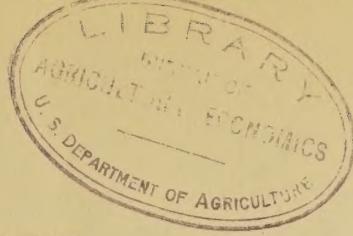
Enclosures.



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## MILK PRODUCER'S BALLOT

1. How much milk did you deliver during the month of July, 1936, to a handler as defined in the enclosed marketing agreement?

(Pounds)

2. Give name of handler to whom your milk was delivered. \_\_\_\_\_

3. Give name of the county and state in which is located the farm where the above milk was produced. \_\_\_\_\_

4. Do you approve the issuance by the Secretary of Agriculture of an order regulating the handling of milk in the District of Columbia marketing area in the same manner as provided in the enclosed marketing agreement?

YES

NO

(Mark on square with an (x) showing which way you wish to vote.)

(Name) \_\_\_\_\_

(Address) \_\_\_\_\_

